

U.S. PATENT APPLICATION
FOR:
INSURANCE INCENTIVE PROGRAM FOR PROMOTING THE PURCHASE OR RE-
LEASE OF AN AUTOMOBILE AFTER AN EXPIRATION OF A LEASE

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Title of the Invention:

Insurance Incentive Program for Promoting the Purchase or Re-lease of an
Automobile After an Expiration of a Lease

5 **Cross-Reference to Related Applications**

Sub A1 This application is related to co-pending United States Patent Application Serial
No. 09/_____ entitled "Insurance Incentive Program for Promoting the Purchase or
Lease of an Automobile" filed on August 23, 2000, and is further related to co-pending
10 United States Patent Application Serial No. 09/_____ entitled "Insurance Incentive
Program Having a Term of Years for Promoting the Purchase or Lease of an
Automobile" filed on August 24, 2000, both assigned to the assignee of the present
invention, the entirety of each being incorporated herein by reference.

15 **Field of the Invention**

The present invention is directed generally to sales incentive programs, and more
particularly to sales incentive programs in which a lessee of an item, such as an
automobile, is offered free or discounted insurance in exchange for purchasing or re-
leasing the automobile after the expiration of the lease.

20 **Background of the Invention**

It is common for manufacturers or retailers to provide incentives to potential
purchasers or lessees in order to increase the sale of an item. In order to encourage
25 leasing of automobiles, in particular, a retailer may typically over-value the projected
worth of the car at the end of a lease period, prior to the lease being initiated. This has
the effect of lowering the monthly payments that are typically due during the term of the
lease. This over-valuing may positively impact sales. However, at the end of the lease
period, a leasing agent must absorb the difference being the projected value and the
30 actual value of the automobile, if it is not purchased or re-leased by the lessee.

Therefore, it would be advantageous to encourage the purchase or re-lease of an automobile after the expiration of an initial lease in order to avoid these potential losses.

Lessees also must weigh many factors in determining what to do at the end of a lease of an automobile. A lessee must consider the cost of purchasing the automobile at the end of the lease, the cost of obtaining continuing insurance, as well as other variables, such as penalties for damage to the car and excessive mileage in making a determination. It would therefore be advantageous to encourage the purchase or re-lease of an automobile by providing an incentive that would alleviate some of these costs and considerations.

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Summary of the Invention

The present application is directed to particular features of a system and method of providing an incentive to purchase an automobile at the expiration of a lease period by providing insurance wherein the insurance premium is paid as a part of a periodic payment due for the purchase.

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In particular, one aspect of the invention includes a method for encouraging the purchase or re-leasing of an item after an expiration of a lease. A financial agent, or the like, identifies a lease on an item, the lease having an approaching expiration date. A customer corresponding to the lease is identified and is offered a paid or discounted insurance policy in exchange for purchasing or re-leasing the item after the expiration of the initial lease.

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In a second embodiment of the present invention, a method for encouraging the purchase of an item after an expiration of a lease includes identifying a customer having a lease on an item, the lease having an approaching expiration date. A difference between an actual residual value and a projected residual value of the item is calculated, and a term of insurance is determined such that an offered insurance policy has an insurance premium at most equal to the calculated difference. If the lessee purchases the item at the expiration of the lease, the insurance premium is paid on behalf of the customer for the term of the insurance policy.

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According to a third embodiment of the present invention, a method for receiving an insurance policy for an item begins when a lessee leases an item for a predetermined period of time. If the customer purchases or re-leases the item at the expiration of the predetermined period of time, the customer receives an insurance policy for the item, wherein at least a portion of a premium corresponding to the insurance policy is paid by a third party.

Brief Description of the Drawings

Further aspects of the instant invention will be more readily appreciated upon review of the detailed description of the preferred embodiments included below when taken in conjunction with the accompanying drawings, of which:

FIG. 1 is a block diagram of an exemplary computer network by which a customer may communicate with one or more parties to receive an insurance incentive to purchase or re-lease an item;

FIG. 2 is an exemplary database of leases for identifying a lease having an imminent expiration date; and

FIG. 3 is an exemplary process by which a customer is offered an insurance policy in exchange for purchasing or re-leasing a leased item at the expiration of the initial lease.

Detailed Description of the Invention

In general, the present invention is directed to various methods, and apparatus for accomplishing the same, by which a lessee of an item, such as an automobile, is encouraged to purchase the automobile prior to, at or after the expiration of the lease, or to continue with a new lease (hereinafter referred to as a re-lease) of the same automobile prior to, at or after the expiration of the original lease. According to certain embodiments of the present invention, the lessee will receive, from an insurance provider, or the like, a

no-cost or discounted insurance policy covering the item in exchange for purchasing the item or continuing a new lease on the item.

Typically, insurers offer six categories of coverage, some of which are mandatory by various state governments. These include: (1) bodily injury liability, for injuries the insured causes to another party; (2) personal injury protection (i.e. no-fault coverage), for medical expenses and lost wages relating to the treatment of injuries to the driver and passengers of the insured's automobile; (3) property damage liability, for damage caused by the insured to another's property; (4) collision coverage, for damage to the insured's car resulting from a collision with another car or object; (5) comprehensive coverage, for damage to the insured's car that doesn't involve a collision (i.e., fire, theft, falling objects, and acts of God); and (6) uninsured motorist coverage, for treatment of an insured's injuries as a result of a collision with an uninsured driver. A policy provided to a lessee according to the present invention may contain any or all of the coverages described above.

The insurance provided according to the present invention may be of the type described in co-pending U.S. Patent Application Ser. No. 09/_____ entitled "Insurance Incentive Program for Promoting the Purchase or Lease of an Automobile" filed on August 23, 2000, assigned to the assignee of the present invention and incorporated herein by reference.

The insurance provider may be any licensed insurance carrier. However, it is preferred that the insurance carrier be affiliated with one of the financial agent, the retailer or the manufacturer, as described herein, in order to facilitate negotiations for the provision of insurance, and costs related thereto (e.g. premium costs), according to the present invention.

Referring now to FIGS. 1-3, wherein similar components of the present invention are referenced in like manner, preferred embodiments of an insurance incentive program for promoting the purchase or a continuation of a lease of an item, such as an automobile, are disclosed.

FIG. 1 depicts an exemplary computer network 100 for accomplishing the methods of the present invention. It is contemplated that the computer network 100 may be any hard-wired or wireless network, or a combination of the same, for accomplishing

communications between a lessee server 102, a financial agent server 104, a retailer server 105, a manufacturer server 106, and an insurance provider server 108 over one or more network connections 110. In certain embodiment it is contemplated that computer network 100 may be, for example, the Internet or World Wide Web, however, the computer network 100 may be any of a local area network, wide area network, an Intranet, an extranet, and/or a wireless communications network. Network connection 110 may be any component used to route communications over a hard-wired or wireless network as is known in the art.

It is additionally contemplated that any transactions between a lessee, financial agent, retailer, manufacturer and insurance provider may be performed offline, without the assistance of a computer network. Such offline communications may be accomplished in-person or via use of the telephone or via written communications.

In an online embodiment, the lessee, via lessee terminal 102 over network connection 110, may communicate with the financial agent server 104 to receive information concerning the provision of insurance in exchange for purchasing or re-leasing an automobile after an expiration of a lease, to accept the offer of provision of insurance or to provide electronic payment relating to the purchase or re-lease. The lessee may further communicate with the manufacturer server 105 or retailer server 106 to receive information about the purchase or release of the automobile, or to initiate the purchase or re-lease of the automobile. The lessee may also communicate with insurance provider terminal 108 to receive information about insurance being provided to the lessee, to communicate claims information or the like.

Each of the servers 104, 105, 106 and 108 may be operative to communicate over the network 100 in any known manner known to coordinate the methods disclosed and are each preferably operative to handle high-bandwidth communications from multiple lessees simultaneously.

The lessee terminal 102 may be any personal communications device operative to communicate over network 100, such as a personal computer with the ability to handle network communications, as well as, personal workstations, network terminals, personal digital assistants (PDAs), cellular telephone equipped with wireless internet access or any other similar hard-wired or wireless communications equipment.

Referring now to FIG. 2, therein is depicted an exemplary lease database 200 for storing information regarding lessees and their corresponding leases. In referring to the databases depicted therein, it is important to note that the first row of the databases includes a field header for each field of the database and the remaining rows each correspond to one record of the database. Fields of data, are represented by each column. Further or fewer fields and records of data may be used. The databases presented herein may be configured into any number of relational databases. In addition, configurations other than database formats may be used to store the data maintained in exemplary lessee database 200.

The lessee database 200 may be stored, maintained and updated by a financial agent, a manufacturer, a retailer or any party interested in an approaching expiration of a lease. The data in lessee database 200 may be used to determine an expiring lease, to provide contact information for notifying a lessee of an incentive to purchase or re-lease according to the present invention, as well as to provide confirmation that the incentive has been provided. Accordingly, the lessee database may contain a lessee identification field 202, a lessee contact information field 203, a make/model of automobile field 204, a lease expiration date field 206, a dealer field 207, a confirmation of purchase/renewal field 208 and a confirmation of insurance provided field 210.

The lessee identification field 202 may contain any indication of an individual lessee, such as the lessee's name. The lessee contact information field 203 may contain contact information for a particular lessee, such as the lessee's home address, home telephone number, work address, work telephone number, e-mail address, or the like. The make/model of automobile field 204 may contain a description of the automobile being leased by the lessee, such as a make, model, vehicle identification number and the like. The lease expiration date field may contain an indication of the date on which the lessee's lease is set to expire. The dealer field 207 may contain an identification and contact information for an a dealer or retailer maintaining the rights to the automobile under the lease. The confirmation of purchase/renewal field may provide an indication of whether the lessee has agreed to purchase or re-lease the automobile, and any pertinent information relating thereto. The confirmation of insurance provided field 210 may

contain an indication of whether a provision of insurance under the incentive program has been provided to the particular lessee.

Referring now to FIG. 3, therein is depicted a process 300 for identifying an expiring lease and offering a provision of insurance in exchange for an agreement to purchase or re-lease an automobile after an expiration of a lease. The process 300 begins at step 302 wherein a party, such as a retailer of a financial agent identifies a lease with an approaching expiration date. The party then notifies the lessee of an incentive to purchase or re-lease the vehicle (step 304). The incentive includes the provision of an insurance policy to the lessee at a no cost or a reduced cost at the time the lessee agrees to purchase or re-lease the vehicle. Such notification may take place via telephone, in-person solicitation, mail solicitation, or by transmitting a message to lessee terminal 102 over the computer network 100, using the appropriate information stored in field 203 of database 200. Further incentives may be provided, such as the provision of an extended warranty, a rebate on a purchase or lowered interest rates on financing or re-lease.

The lessee may then agree to purchase or re-lease the vehicle (step 306). A confirmation of the lessee's agreement may then be stored, for example, in field 208 of lessee database 200.

An insurance provider may then be notified of the lessee's agreement and provide insurance according to the incentive program (step 308). Confirmation of the provision of the insurance may then be stored in field 210 of database 200, after which process 300 ends. In preferred embodiments, the insurance premium for the insurance provided to the lessee may be provided to the insurance provider by any party other than the lessee, such as the retailer, the financing agent or the manufacturer of the automobile.

In certain embodiments of the present invention, it is contemplated that the term of insurance provided may coincide with the term of a re-lease of the automobile.

It is also contemplated that the term of insurance provided may be based on a calculation of the cost of the insurance for the term in comparison to the differential between the residual value of the automobile at the end of the lease and the projected residual value listed at the time the lease was initiated. In such an embodiment, a term of insurance is provided such that the insurance premium is less than the differential between the actual and projected residual value, thereby allowing a financial agent or the

like to recoup a portion of the lost value of the automobile. The lost value of the automobile may also be recovered through the price of the re-purchase or re-lease of the automobile.

5 It is further contemplated that insurance policy provided in accordance with the present invention may have terms of greater than one year, or multi-year terms. The term of the insurance policy may further be co-extensive with the term of any lease or loan secured by the lessee for the purchase or re-lease of the automobile.

10 Although the invention has been described in detail in the foregoing embodiments, it is to be understood that the descriptions have been provided for purposes of illustration only and that other variations both in form and detail can be made thereupon by those skilled in the art without departing from the spirit and scope of the invention, which is defined solely by the appended claims.